

ARTICLE APPEARED
ON PAGE **B-20**

NEW YORK TIMES
3 DECEMBER 1981

Final Report Finds Casey 'Inattentive'

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Special to The New York Times

WASHINGTON, Dec. 2 — The Senate Select Committee on Intelligence released a final report today finding that William J. Casey had been "at minimum inattentive to detail" in complying with Government financial disclosure requirements but concluding that he was not "unfit" to be Director of Central Intelligence.

Several Democrats on the 15-member committee expressed a lack of confidence in Mr. Casey's candor with the panel, but only Senators Joseph R. Biden Jr., of Delaware, and Patrick J. Leahy, of Vermont, dissented from the conclusion that a review of the facts in the four-month examination had produced "no basis for concluding that Mr. Casey is unfit to hold office as Director of Central Intelligence."

Mr. Leahy, emphasizing that he supported the findings but not the conclusion, characterized the report on Mr. Casey as "damning him with faint praise."

Catalogue of Omissions

The six-page, single-spaced report catalogued Mr. Casey's omissions on financial disclosure statements required after his appointment as chief of the intelligence agency.

The report noted, for example, that before his confirmation hearings last January the 68-year-old Mr. Casey had failed to report to the Senate panel "nine investments valued at more than a quarter of a million dollars, personal debts and contingent liabilities of nearly \$500,000, a number of corporations or foundations on whose board Mr. Casey served, four civil lawsuits and more than 70 clients he had represented in private practice in the last five years."

Senator Daniel Patrick Moynihan,



United Press International

William J. Casey

Democrat of New York, acting chairman, said the issue of whether Mr. Casey should have registered as a foreign agent while representing the Government of Indonesia in 1976 was "unresolved" and would be referred to the Justice Department.

In addition to Indonesia, Mr. Casey also failed to disclose among his former foreign clients Pertamina of Indonesia, an oil company controlled by the Indonesian Government, and the Government of South Korea.

"The committee is concerned that this pattern suggests an insufficient appreciation of the obligation to provide complete and accurate information to the oversight committees of the Congress," the report said.

The document also disclosed that Mr. Casey had been audited by the Internal Revenue Service for two tax years, 1976 and 1977. He received a refund after the 1976 audit, the report noted, and the 1977 audit is being conducted now. In addition, the I.R.S. is conducting "a routine examination" of a limited partnership that Mr. Casey helped structure, the report states. Committee officials declined to identify the partnership.

The committee also reviewed Mr. Casey's testimony in the 1974 trial of former Attorney General John N. Mitchell, who ultimately was acquitted of trying to impede an investigation. There had been a suspicion of discrepancies between Mr. Casey's trial testimony and his testimony before the grand jury that indicted Mr. Mitchell. But "no major discrepancies were found which would indicate that Mr. Casey committed perjury," the report said.

C.I.A.

Inquiry

Mr. Casey had an inquiry into violations stemming from his chairmanship of the committee. The Federal Election Commission is also looking into the allegation.

"pending the outcome of the investigation."

The committee's wide-ranging investigation began last July after Max C. Hugel, who had been appointed by Mr. Casey to head the C.I.A.'s clandestine operations, resigned in the wake of allegations of financial misconduct. Mr. Hugel denied those charges. But his selection by Mr. Casey, who had worked with Mr. Hugel in the campaign, resulted in the inquiry into Mr. Casey's fitness for his post.

The report stated that Mr. Casey had "volunteered" in a hearing July 29 that Mr. Hugel's appointment was a "mistake" for which he assumed "full responsibility."

"The committee concurs," the report said.

Need for Improvement Cited

At a news conference, Mr. Moynihan declined comment on whether he and other committee members believed that Mr. Hugel, who had had little experience in intelligence, was selected for the sensitive post for political reasons.

However, Mr. Moynihan and Senator John H. Chafee, Republican of Rhode Island, acting vice chairman, said the Hugel affair indicated that background checks by the C.I.A. and other Government agencies needed improvement.

Mr. Casey said in a brief statement late this afternoon that he was "pleased" that the committee, after an "exhaustive investigation," had reported "nothing which reflects on the integrity, the business practices and ethical standards in which I have always taken pride."

"I look forward to continuing to work together with the committee to improve the nation's intelligence capabilities," Mr. Casey said.

Some Democrats, however, expressed doubts about the wisdom of permitting Mr. Casey to retain his post. Senator Walter D. Huddleston, of Kentucky, said that while only President Reagan could ask Mr. Casey to resign, there were sufficient reasons to prompt such a request.

Senator Biden praised Mr. Casey for his "decisive, imaginative leadership at the C.I.A.'s helm." But, citing "a consistent pattern of omissions, misstatements and contradictions in his dealings with this and other committees of Congress," Mr. Biden said: "Mr. Casey has